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KOREA

	1201(1)11		
1.	South Korean forces falling back]
•	during the 30 June		
	Attack along the Han River front in the Seoul area, many Korean soldiers showed a reluctance to hold under artillery		-
	fire and in several instances withdrew without contacting		
	enemy infantry despite efforts of US officers.		
	if North Korean tanks cross the Han River		
	in sizable numbers, a rout of the defenders would be in prospect. the South Koreans		
	may even disintegrate under artillery and ground attack		
•	and notes that the South Korean general staff was further		
	dispirited by the latest developments.		•
	(CIA Comment:	•	•
`,	confirms the breakthrough		
•	of North Korean forces across the Han River, the over-		
	running of Suwon, and the withdrawal of US and South Korean military headquarters to Taejon. South Korean forces	•	
	appear, however, to have made an orderly withdrawal from		
	the Suwon area, an indication that discipline and morale is		•
	still being maintained. The assumption of command by Gen-		
	eral Chung II Kwon, the most competent South Korean officer,		
1 7	should bring about the most effective use of the available forces.)	•	1.6
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2,	Soviet Reply to US Note on Korea		
į	he tenor of the Soviet repry to the demarche	<u></u>	
	on Korea corroborates other current evidence, indicating that the USSR continues, at least for the present, to await		•
	developments before definitely taking a position on the		
	Korean war. In support of this belief,		
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* (**)	- Park		
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	he Soviet reply appears to have been carefully draited to include numerous ambiguities which could be used in the future as the basis for either a strong Soviet reaction in support of the North Koreans or eschewing any direct involvement. the Kremlin undoubtedly is closely watching mintary developments in Korea and that the crucial stage in the determination of the Soviet course will be reached when the military situation turns in favor of South Korea.	
3.	Soviet public reaction to the Korean conflict-	
	the initial Soviet press and radio reports on the Korean war were received by the average Soviet citizen with a calmness bordering on apathy. although news of US intervention caused considerable surprise and "more than a trace of alarm," the Soviet press and radio treatment of the US action created the general impression that the USSR is not directly involved and does not intend to become involved, thus apparently allaying the almost pathological fear of war among Soviet citizens. The matter settled quickly and considers the outcome of minor importance. As a further measure of public reaction, there were no indications of hoarding or excessive buying in the Moscow area.	
	FAR EAST	
4.	BURMA: Nationalist troops create problem Prime Minister Thakin Nu and other Burmese officials are becoming increasingly con- cerned over the activity of approximately 2000 former Chinese	

Nationalist troops in the Kengtung area. The Burmese officials state that these troops, which are remnants of the 26th Nationalist Chinese Army, are becoming more truculent and are too well armed to be forcibly interned by present Burmese forces. The Burmese officials point out that, although the Chinese Communists have given assurances that they would not send troops into Burma to disarm the Nationalists, the Communists are insisting that the Government of Burma intern the Nationalist elements. The Burmese officials fear that the situation may sooner or later provide the Chinese Communists with reasonable grounds for incursion.